Fiscal Year Ended May 2026

FY2026 4Q Earnings Presentation

July 15, 2026

Daito Pharmaceutical Co., Ltd.

Tokyo Stock Exchange Prime Market : 4577

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I. Overview of Financial Results for FYE May 2026

Executive Summary

FYE May 2026 Financial Results

- Consolidated net sales were **50.65 billion yen**, a slight increase year-on-year, and EBITDA was **8.02 billion yen**, landing with a significant profit increase.
- In addition to the net sales contribution from the sale of ”Opalmon Tablets,” for which assets were succeeded from Ono Pharmaceutical Co., Ltd., the reduction of long-term stagnant inventory through the promotion of inventory optimization was successful, **resulting in performance that exceeded the upwardly revised earnings forecast announced in April of this year.**
- The effects of CCC optimization, which has been addressed in the current medium-term management plan, have emerged, **with operating cash flow reaching 9.37 billion yen, a record high.** Capital investment in response to Gx volume targets under government policy has peaked, **and free cash flow increased significantly to 4.98 billion yen.**

Main Progress of DTP2027

- With the aim of strengthening the stable supply system for generic drugs and establishing a sustainable business foundation as a “research and development-oriented CMO,” Daito has established a new company (tentative name: Pharmatech Co-Creation Platform, Inc.) jointly with two other companies, **and concluded a basic agreement to succeed the generic drug business of Kyorin Pharmaceutical Co., Ltd.**
- To further advance the “Streamlining of Existing Businesses” and “Entering into New Businesses,” **Daito has newly established a Business Development Division,** and in order to further enhance ”Investment in Human Capital,” **Daito has upgraded human resources-related departments to the division level.**
- In order for all employees to overcome the severe business environment, including difficulties in procuring raw materials due to tensions in the Middle East and rising prices, **Daito has implemented bold wage increases for two consecutive years.**

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Financial Highlights

- While sales of APIs were weak, sales of FDF products, particularly Gx products and contract-manufactured prescription drugs, increased, resulting in a **slight year-on-year increase**
- Regarding profits, although SG&A expenses increased due to advanced data analysis and cost structure reforms, cost of sales decreased due to moving away from inefficient distribution channels, improvements in inventory valuation loss through the reduction of long-term stagnant inventory, and thorough cost management, resulting in an operating profit increase of **+1.01 billion yen, or +38.8% year-on-year, marking the first profit increase in four periods**

(Millions of yen, %)

	FYE May 2025	FYE May 2026	YoY change
	Amount	Amount	%
Net sales	50,643	50,650	+0.0
EBITDA	6,952	8,024	+15.4
Operating profit	2,619	3,637	+38.8
Ordinary profit	2,705	3,812	+40.9
Net income attributable to Daito's common shareholders	1,908	3,161	+65.7
EPS (yen)*1	62.74	107.49	+71.3
Dividends (yen/share)*1	35.00	40.00	-
R&D cost*2	2,520	2,223	(11.8)
Depreciation	4,332	4,387	+1.3
Capital expenditure	4,544	4,559	+0.3
Exchange rate (yen/dollar)	150.8	153.1	-

*1 EPS and dividends per share reflect the 1-for-2 stock split effective as of June 1. *2 R&D costs include R&D unit depreciation and fluctuations in personnel expenses in that unit.

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II. Details of Financial Results for FYE May 2026

Income Statement Summary

(Millions of yen, %)

		FYE May 2025 Amount	FYE May 2026 Amount	YoY change %
Net sales		50,643	50,650	+0.0
	Cost of sales	42,005	40,753	(3.0)
Gross profit		8,637	9,897	+14.6
	SG&A expenses	6,017	6,260	+4.0
Operating profit		2,619	3,637	+38.8
	Non-operating profit and loss	85	175	-
Ordinary profit		2,705	3,812	+40.9
	Extraordinary profit and loss	252	252	-
Profit before income taxes		2,958	4,065	+37.4
	Income taxes	1,192	928	(22.1)
Net income attributable to owners of parent		1,908	3,161	+65.7

Cost of sales

- Despite factors such as increased depreciation, higher raw material costs due to tensions in the Middle East and yen devaluation, and investment in human capital, the cost of sales ratio improved by 2.4 percentage points from 82.9% to 80.5% due to the elimination of inventory valuation losses through the reduction of long-term stagnant inventory and the thorough implementation of smart spending.

SG&A expenses

- Due to changes in development project plans, R&D costs decreased by 0.29 billion yen YoY.
- SG&A expenses increased by 0.24 billion yen due to the strengthening of data analysis, cost structure reforms, and an increase in sales commissions for products that underwent asset transfers.

Non-operating profit and loss

- Overall, there was an increase of 0.08 billion yen, primarily due to a foreign exchange gain of +0.06 billion yen caused by the weak yen and an increase of +0.01 billion yen in equity-method investment gains from three equity-method affiliates (Feldsenf Pharma, Cheer Fine Pharmaceutical, and Anhui Tingworld Pharmaceutical).

Extraordinary profit and loss

- Although the gain on the sale of strategic investment stocks decreased by 0.33 billion yen compared to the previous fiscal year, the loss on retirement of non-current assets also decreased by 0.08 billion yen, resulting in extraordinary profit and loss remaining flat year-on-year.

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Sales by Category

- Regarding APIs, while anti-allergy drug APIs increased, the mainstay hemostatic drug APIs decreased, and the budget was not met, resulting in a YoY **decrease of 380 million yen, -1.7%**
- Regarding FDF products, although external products decreased due to a review of distribution channels, Daito products (Gx) and contract-manufactured prescription drugs performed steadily, resulting in an overall **increase of 390 million yen, +1.4%**

(Millions of yen, %)

			FYE May 2025	FYE May 2026	YoY change (%)
APIs			22,872	22,482	(1.7)
	In-house products *		20,943	20,529	(2.0)
		Daito products (Gx)	19,255	18,851	(2.1)
		Contract-manufactured	1,688	1,678	(0.6)
	External products *		1,928	1,952	+1.3
FDF products			27,592	27,984	+1.4
	In-house products *		23,927	24,434	+2.1
		Daito products (Gx)	14,077	14,407	+2.3
		Contract-manufactured prescription drugs	6,840	7,253	+6.0
		Contract-manufactured OTC drugs	3,009	2,774	(7.8)
	External products *		3,665	3,549	(3.2)
		Gx	3,070	3,059	(0.4)
		OTC drugs	594	489	(17.6)
Health foods			178	184	+3.0
Total sales			50,643	50,650	+0.0

* "In-house products" refers to those manufactured or quality-assured within our corporate group, and "External products" refers to pharmaceuticals, APIs, or excipients, etc., that do not fall under the category of "In-house products." These are so-called handled products.

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New Product Launches by Category

FDF products

December 2025

Therapeutic Category	Product Name	Original Name	Sales Company
Antiepileptic agent	Lacosamide Dry Syrup 10% "Daito"	Vimpat Dry Syrup 10%	Feldsenf Pharma Co., Ltd.
Antiepileptic agent	Lacosamide Tablets 50mg/100mg "Daito"	Vimpat Tablets 50mg/ 100mg	Feldsenf Pharma Co., Ltd.

June 2026

Therapeutic Category	Product Name	Original Name	Sales Company
Allergic disease treatment	Bilastine OD Tablets 20mg "Daito"	Bilanoa OD Tablets 20mg	Kyosomirai Pharma Co., Ltd. Nippon Chemiphar Co., Ltd. Feldsenf Pharma Co., Ltd.
Aromatase inhibitor	Letrozole Tablets 2.5mg "Chemiphar"	Femara Tablets 2.5mg	(Addition) Kyosomirai Pharma Co., Ltd. Nippon Chemiphar Co., Ltd.

APIs

June 2026

Therapeutic Category	Product Name	Original Name	Adoption Status
Antiplatelet agent	Prasugrel Hydrochloride	Efient Tablets 2.5mg	Adopted by multiple companies
Allergic disease treatment	Desloratadine	Desalex Tablets 5mg	Adopted by multiple companies

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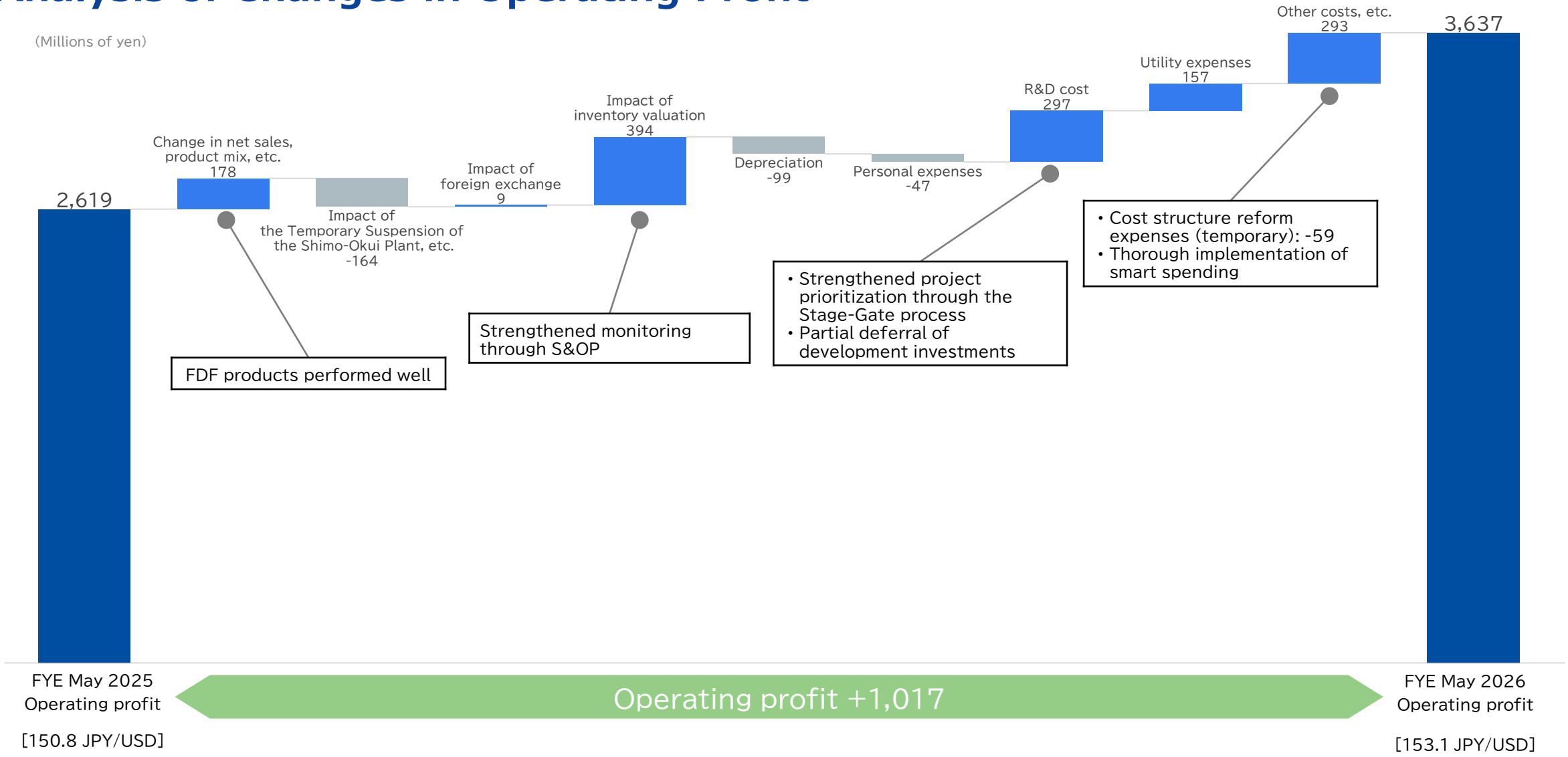
Analysis of Changes in Operating Profit



＊R&D costs include R&D unit depreciation and fluctuations in personnel expenses in that unit. Depreciation and personnel expenses in this chart show those unrelated to the R&D cost.

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Balance Sheet Summary

- **Prioritizing stable supply** while focusing on inventory optimization based on capital cost-conscious B/S management, **inventories decreased by 1.97 billion yen, or -10.7%.**
- **Continuously promoting the optimization of trade receivable collection cycles;** although both the previous fiscal year-end and the current fiscal year-end fell on holidays, trade receivables **decreased by 1.26 billion yen, or -6.3%.**
- While promoting necessary investments such as equipment implementation, quality control enhancement, and Shareholder Returns, interest-bearing debt **decreased by 2.59 billion yen, or -21.7%,** due to improved capital efficiency.

(Millions of yen, %)

	As of May 31, 2025	As of May 31, 2026	YoY change
Current assets	41,708	36,629	(12.2)
Cash and deposits	2,207	954	(56.8)
Trade receivables *	20,195	18,927	(6.3)
Inventories	18,414	16,440	(10.7)
Non-current assets	36,296	36,661	+1.0
Total assets	78,004	73,291	(6.0)
Current liabilities	17,049	13,998	(17.9)
Trade payables *	8,266	7,418	(10.3)
Short-term debt	3,457	3,321	(3.9)
Non-current liabilities	8,887	6,353	(28.5)
Long-term debt *	8,429	5,974	(29.1)
Total liabilities	25,936	20,352	(21.5)
Total net assets	52,067	52,938	+1.7

* Includes electronically recorded monetary claims and obligations, but does not include receivables and liabilities under factoring agreements.
* Long-term debt includes lease obligations.

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Cash Flows Statement Summary

- Operating CF saw a **significant improvement in operating profit**, and in addition, the **optimization of trade receivable turnover periods**, which had been neglected due to past business practices, and **the stabilization of advanced inventory management** from the previous year led to a significant YoY improvement of **+3.48 billion yen, or +59.0%, reaching a record high.**
- With the completion of large-scale capital investments, investment CF was lower than the previous fiscal year, and the cash generated by free cash flow was allocated to **shareholder returns such as dividend increases and share buybacks and the reduction of interest-bearing debt**, optimizing the cash and deposit balance at the end of the period.

(Millions of yen, %)

	FYE May 2025	FYE May 2026	YoY change
Cash flows from operations	5,897	**9,377**	+59.0%
Profit before income taxes	2,958	**4,065**	+37.4%
Depreciation	4,332	**4,387**	+1.3%
Decrease (increase) in trade receivables	(4,891)	**1,334**	-
Decrease (increase) in inventories	2,419	**2,021**	(16.5%)
Increase (decrease) in trade payables	(360)	**(874)**	-
Income taxes paid	(842)	**(729)**	-
Cash flows from investment	(7,365)	**(4,388)**	-
Purchase of property, plant and equipment	(6,789)	**(3,818)**	-
Cash flows from financing	1,002	**(6,289)**	-
Net balance of short-term and long-term borrowings	2,624	**(3,539)**	-
Shareholder Returns (dividends, acquisition of treasury shares)	(1,622)	**(2,750)**	-
Net increase (decrease) in cash and cash equivalents during peiord	(519)	**(1,253)**	-
Cash and cash equivalents at end of period	2,207	**954**	(56.8%)

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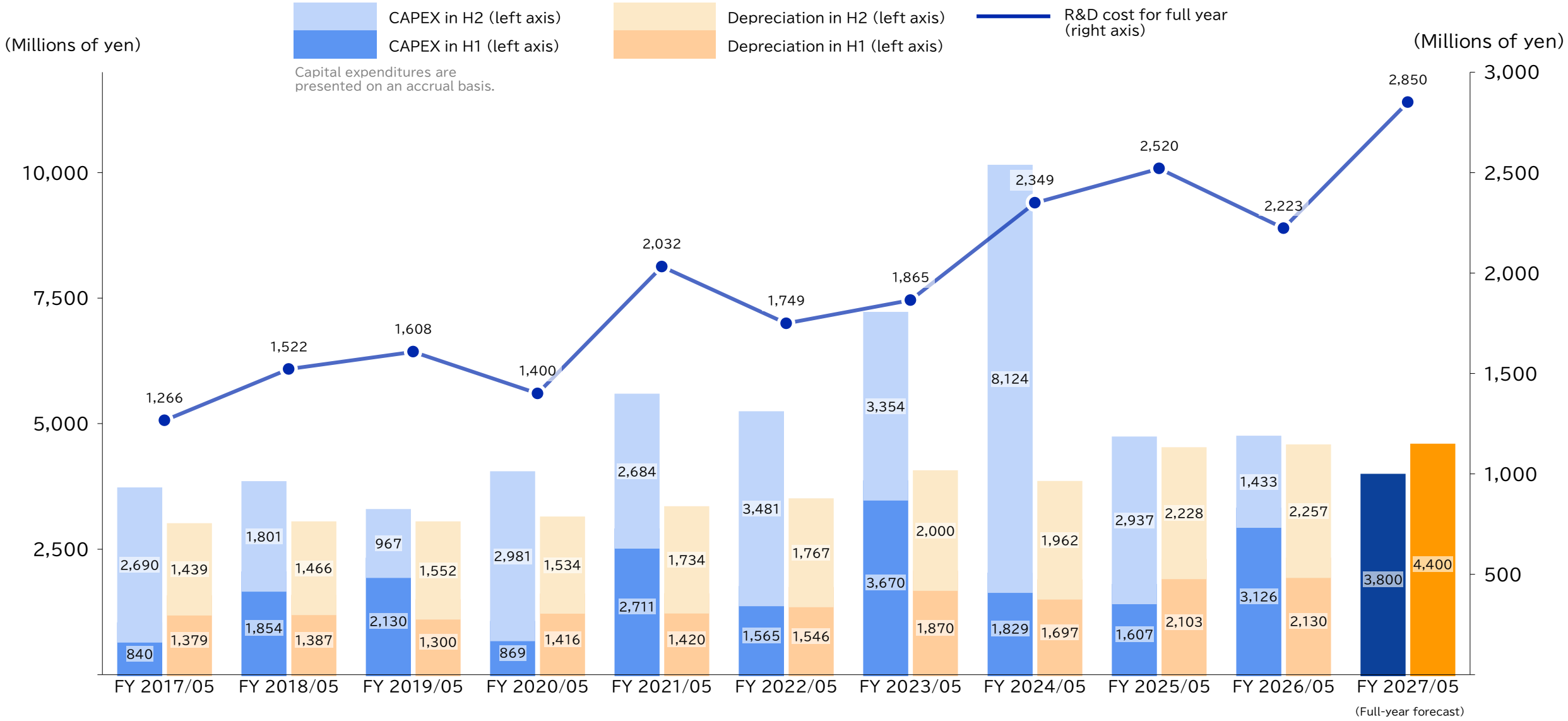
Trends in Capital Expenditure and R&D Investment



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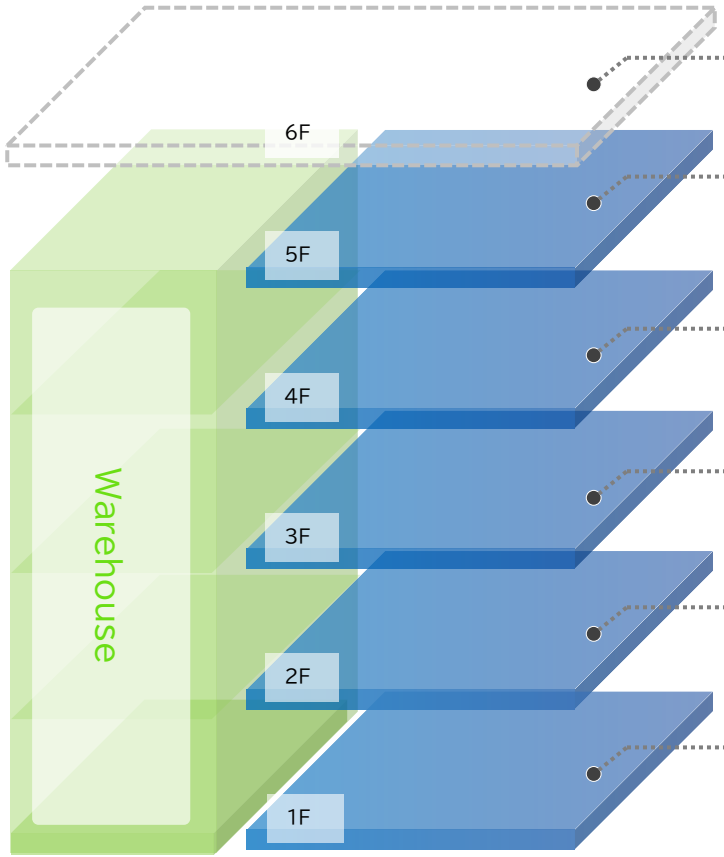
Operation Status of the Tenth FDF Building and Future Plans

Estimated operation by floor (by construction phase) of Tenth FDF Building



Utilities

Phase 2: Production line for FDF products

Scheduled to begin operations in the FYE May 2027, in line with the clients' schedule.

Phase 1: Production line for FDF products

Manufacturing FDF products, both new products and products transferred from existing factories.

Phase 1: Production line for FDF products

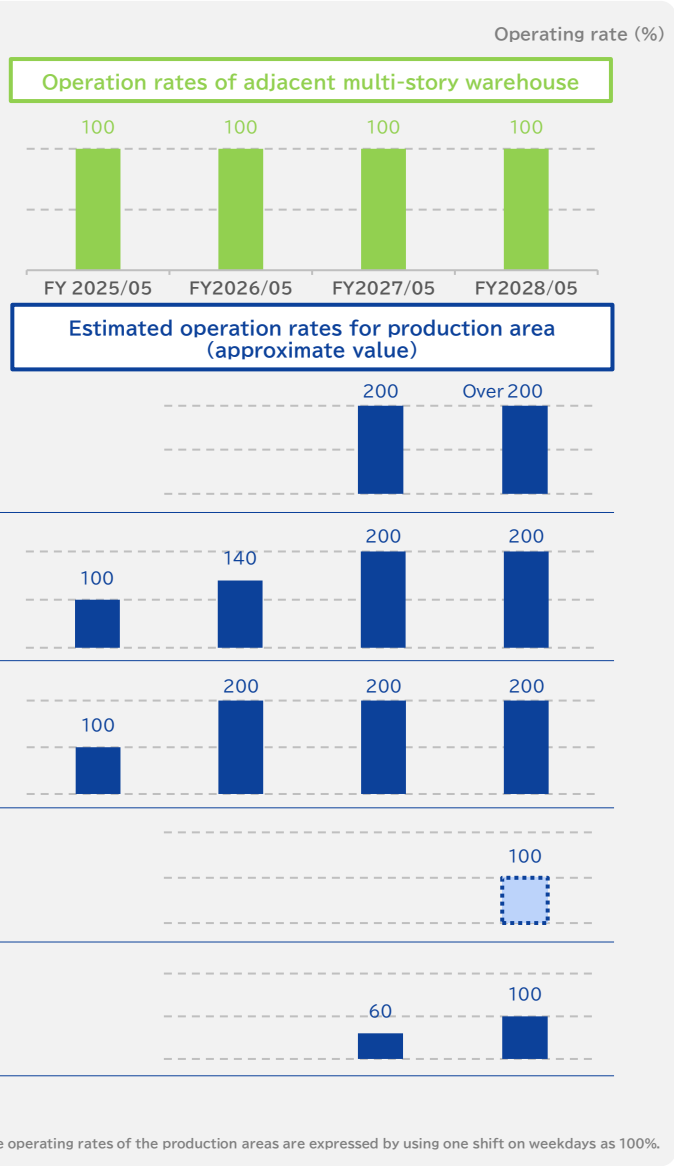
Manufacturing FDF products, both new products and products transferred from existing factories.

Phase 2: Packaging line + Space for future use

Installing a palletizer. Considering installing a blister-packaging line in the space for future use.

Phase 2: Bottle packaging line

Bottle filling to packaging



The operating rates of the production areas are expressed by using one shift on weekdays as 100%.

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III. Full-year Earnings Forecast for FYE 2027

FYE May 2027 Full-year Earnings Forecast

- While Daito expects the business environment to remain challenging due to factors such as yearly drug price revisions and rising raw material costs, Daito is planning for a **significant increase in net sales** through sales expansion from long-listed drug-related assets acquired in the previous fiscal year and new product launches, as well as through start of shipment of products consolidated into a manufacturing site and the expansion of sales channels to public hospitals by participating in centralized purchasing in China.
- At the same time, Daito will promote product integration inside and outside the framework of the ”Novel Consortium Initiative” to **break away from the ”high-mix low-volume production”, bring outsourced testing in-house,** and **further implement smart-spending** to **reduce costs,** thereby **aiming to improve profit margins.**

(Millions of yen, %)

	FYE May 2026 Amount	FYE May 2027 (forecast) Amount	YoY change %
Net sales	50,650	54,000	+6.6
EBITDA	8,024	8,400	+4.7
Operating profit	3,637	4,000	+10.0
Ordinary profit	3,812	4,000	+4.9
Net income attributable to owners of parent	3,161	3,000	(5.1)
EPS (yen)	107.49	Increase YoY	-
Dividends (yen/share)	40.00	45.00	+12.5
R&D costs *	2,223	2,850	+28.2
Depreciation	4,387	4,400	+0.3
Capital expenditure	4,559	3,800	(16.6)
Exchange rate (yen/dollar)	153.10	150.00	-

* R&D costs include R&D unit depreciation and fluctuations in personnel expenses in that unit.

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Difference from KGI Targets in DTP2027

Recent Performance and Revised KGI in DTP2027

(million yen)

		FYE May 2025		FYE May 2026		FYE May 2027	
		Revised target	Result	Revised target	Result	Initial target	Revised target
Growth	Net sales	49,000	50,643	51,000	50,650	56,000	54,000
Profitability	EBITDA (EBITDA margin)	6,750 (13.8%)	6,952 (13.7%)	7,750 (14.8%)	8,024 (15.8%)	10,000 (17.9%)	8,400 (15.6%)
	Integrated production ratio	60%	65%	-	46 %	60%	
Efficiency	CCC	-	246 days	-	232 days	220 days	
Capital productivity	ROIC	-	3.1%	-	4.5 %	5.5–6.5 %	5.0～6.0 %
	ROE	-	3.7%	-	6.0 %	7.0–8.0 %	6.0～7.0%
Shareholder Returns	DOE	2 % or higher	2.01%	-	2.29 %	2 % or higher (progressive dividend)	
	Exchange rate	150 yen	150.8 yen	-	153.1 yen	150 yen	

Key Revision Factors

1. Non-application of the repricing system for unprofitable products (especially Dopacool combination tablets)
2. Shortfall in sales in the Chinese market compared to the initial plan
3. Decrease in net sales resulting from the restructuring of certain low-margin sales channels
4. Delay in the contract manufacturing of certain High-Potency products
5. Uncertainty in raw material and energy costs due to rising tensions in the Middle East

Same as the factors for the downward revision of EBITDA
(Daito aims to achieve the initial target earlier by strengthening control of invested capital)

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Questions at the House of Representatives Budget Committee Regarding Dopacol Combination Tablets

Dopacol Combination Tablets
(Levodopa/Carbidopa Combination Tablets)

- Essential for all stages of Parkinson's disease
- Core therapeutic drug with a 70% market share

▲ Shinji Nagatomo, Democratic Party for the People at the House of Representatives Budget Committee (March 2, 2026)

▲ Mami Tamura, Democratic Party for the People at the Committee on Health, Welfare and Labour of the House of Councillors (March 24, 2026)

Current Issues with Dopacol Combination Tablets

- Constant deficit production due to annual drug price revisions
- Responsible for approximately 70% of supply, but continuous manufacturing is difficult due to deficits
  (Possibility of increasing to 90% if the originator drug also withdraws)
- Although systems such as repricing of unprofitable products exist, it has been excluded for three consecutive years
  (Price divergence rate is cleared)
- Combination drug with a 70% market share excluded from Category C of supply-secured medicines
  (Only levodopa monotherapy is registered in Category C)
- Supply responsibility concentrated on a specific company despite deficits
  → Immediate nationwide supply crisis if withdrawn
- Stable supply depends on "corporate effort" and "goodwill"

Policy Questions

- Should essential and difficult-to-replace pharmaceuticals for all stages of disease be fully delegated to annual drug price revisions and market principles?
- How to protect "medical value" rather than "price"
- A system that prioritizes budget, causing drugs that support patients to fall through the cracks and leaving deficits unaddressed
- The Dopacol issue is not an isolated case, but a problem of system design regarding how to protect necessary pharmaceuticals
- Recognizing the issues in an industrial structure that continues to produce at a loss, a fundamental review of the drug pricing system is urgently needed

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Sales Forecast by Category

- For APIs, in-house products will remain strong, and external products will continue to perform well, leading to a total **increase of +0.86 billion yen, or +3.9%, for the API category.**
- For FDF products, although external products and contract-manufactured (OTC) drugs decreased, contract-manufactured prescription drugs **increased significantly** and Daito products (Gx) remained steady, leading to a strong performance for FDF products overall of **+2.5 billion yen, or +9.0%.**

(Millions of yen, %)

			FYE May 2026	FYE May 2027 forecast	YoY change (%)
APIs			22,482	23,350	+3.9
	In-house products *		20,529	21,350	+4.0
		Daito products (Gx)	18,851	19,800	+5.0
		Contract-manufactured	1,678	1,550	(7.7)
	External products *		1,952	2,000	+2.4
FDF products			27,984	30,490	+9.0
	In-house products *		24,434	27,800	+13.8
		Daito products (Gx)	14,707	15,500	+7.6
		Contract-manufactured prescription drugs +LLP	7,253	10,000	+37.9
		Contract-manufactured OTC drugs	2,774	2,300	(17.1)
	External products *		3,549	2,690	(24.2)
		Gx	3,059	2,200	(28.1)
		OTC drugs	489	490	+0.1
Health foods			184	160	(13.2)
Total sales			50,650	54,000	+6.6

* "In-house products" are those manufactured or quality-assured within the Group; "External products" are pharmaceuticals, APIs, excipients, etc., that do not fall under the category of "In-house products" (so-called handled products).

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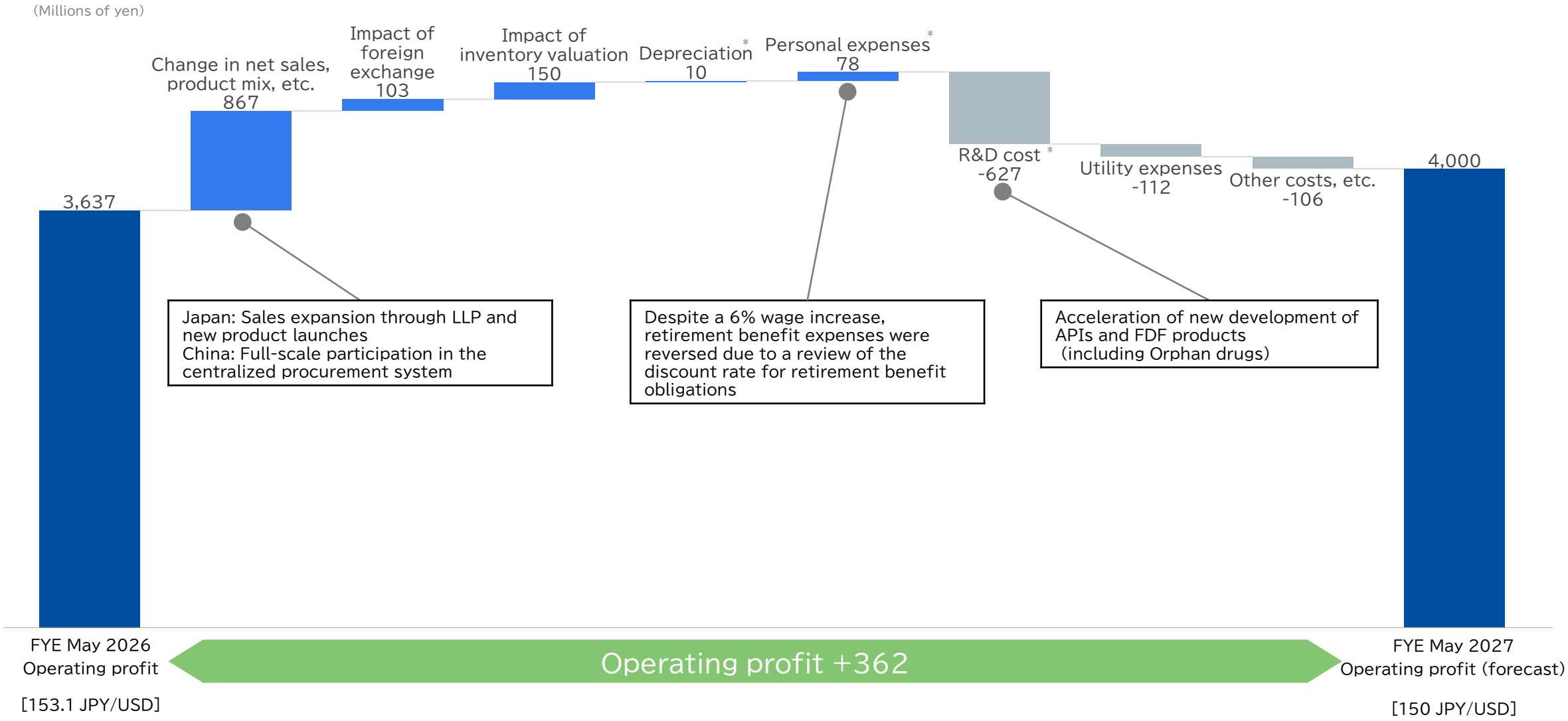
Analysis of Changes in Operating Profit



* R&D costs include R&D unit depreciation and fluctuations in personnel expenses in that unit. Depreciation and personnel expenses in this chart show those unrelated to the R&D cost.

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Shareholder Return Policy

Repurchase of treasury shares

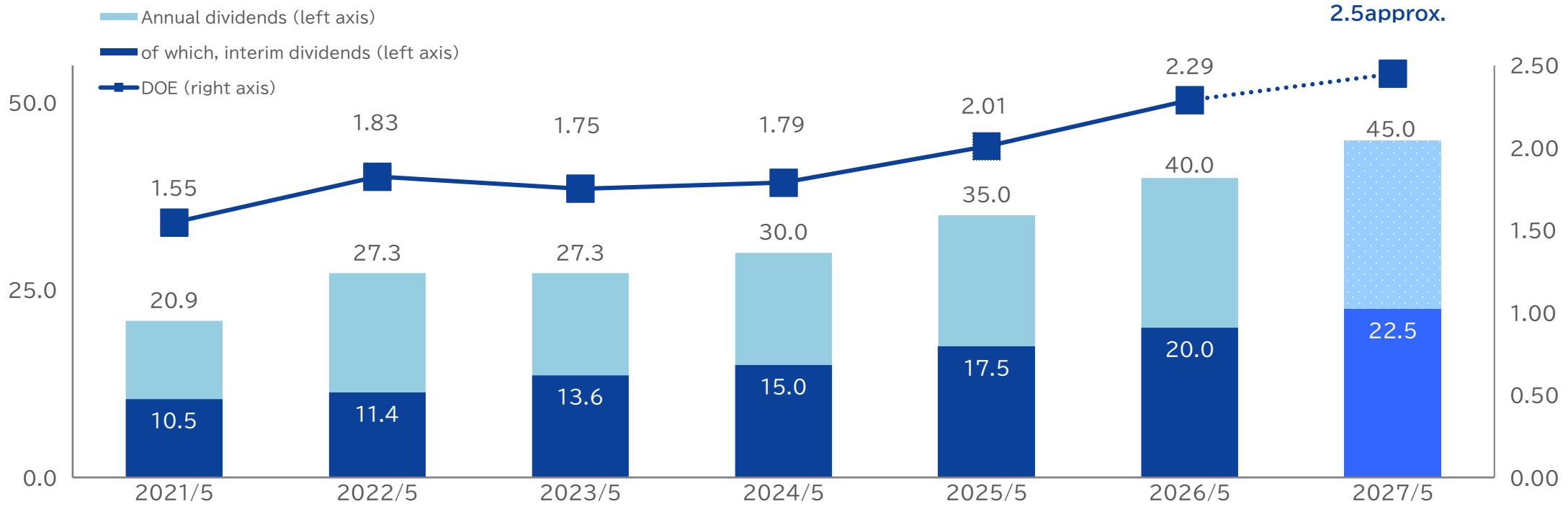
- At the Board of Directors meeting held on July 10, 2026, Daito decided to set up **500,000 shares of treasury stock repurchase facility through off-floor trading (ToSTNeT-3),** equivalent to 1.7% of the total number of shares issued (excluding treasury stock), and **484,000 shares** were repurchased.

Dividend policy

- The dividend for the current fiscal year is **planned to be 45 yen per share, an increase of 5 yen from the previous fiscal year.** Accordingly, **the dividend payout ratio will exceed 40%**, and **the DOE will be 2.5%, significantly exceeding the KGI target of 2.0%**.

Shareholder benefits program

- Daito will continue **the shareholder benefits program that allows shareholders to purchase health foods and other products supervised by Daito at a discount price.**



* A stock split was conducted at a ratio of 1.1 shares per share with an effective date of September 1, 2023. In addition, a stock split was conducted at a ratio of 2 shares per share with an effective date of June 1, 2025. Dividend per share figures are adjusted for these stock splits.
* DOE: Dividend On Equity ratio. DOE = (total dividends) / (Shareholders' equity) × 100 (%). For the DOE calculation, total dividends and Shareholders' equity at the end of the period are used.
* The dividend for the fiscal year ended May 2022 includes a commemorative dividend.

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Ⅳ. Progress of Medium-term Management Plan “DTP2027”

Progress of Medium-term Management Plan ”DTP2027”

■ Progress of the Five Pillars of Daito Business Strategy

Business strategy	Achievement and current state	Progress
 1. Streamlining of Existing Businesses	• The Novel Consortium Initiative for product integration has 9 participating companies, with 57 products discontinued/substituted and 64 products consolidated into specific manufacturing sites. • Actively promoting product integration to accelerate the transition away from ”small-lot, high-variety production”. Focusing on integrated APIs-to-FDF products and High Potent Compound Products, 5 products (9 specifications) have been decided for consolidation at our plants, and 6 products (14 specifications) are under discussion. • Reached a basic agreement on the acquisition of Kyorin Pharmaceutical’s generic drug business through the (tentative name) Pharmaceutical Co-Creation Organization, which Daito leads, to strengthen our business foundation as a ”Contract manufacturing organization (CMO) with R&D capabilities.” • Participating in a national project (K Program) to establish continuous API production technology, with technical development progressing smoothly.	○
 2. Strengthening our China Business	• Products under development are steadily advancing in stage and receiving approvals sequentially, though the schedule is behind compared to when DTP2027 was formulated. • Participated in the 11th centralized procurement to secure base volumes for reputation building in China and to improve factory operation rates, securing orders for over 40 million capsules in the first year and expanding sales in the national hospital market. • Started considering the reconstruction of business strategies for the next medium-term management plan, leveraging the latest business environment and Daito’s characteristics.	△
 3. Entering into New Businesses	• Phase III clinical trials for the orphan drug for the treatment of multiple system atrophy ”NPC-29,” being developed with our partner Nobelpharma Co., Ltd, started in March of this year, and administration of the investigational drug designed and manufactured by us to patients has begun. • Concluded a ”Partnership Agreement” with Dai Nippon Printing and artience group’s Toyochem to explore opportunities value-added formulations. • Advocating for the introduction of the Japanese version of 505(b)(2) to create new business opportunities by utilizing the development functions of mid-sized pharmaceutical companies, including our own.	○
 4. Addressing a PBR Below 1 and Advancement of Capital Allocation	• Retired 1.242 million shares, equivalent to 4.1% of the total number of issued shares (excluding treasury stock), for a total of 1.62 billion yen on May 29. • Announced a share buyback program for 500,000 shares, equivalent to 1.7% of the total number of issued shares (excluding treasury stock), on July 10. • Decided on a policy to increase dividends for the fiscal year ending May 2027 (5 yen increase per share) aimed at further strengthening shareholder returns.	△
 5. Investment in Human Capital	• Implemented top-class human capital investment (wage increases) for two consecutive years among companies in Toyama Prefecture. • Planned and introduced a work environment where employees can feel both ease of working and personal growth from all aspects. • Began full-scale performance evaluations for officers based on engagement surveys, strengthening awareness and initiatives for human resource development. • Decided to reorganize human resources-related departments into a headquarters to further strengthen initiatives targeting human capital.	○

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Detail (1): Interim Report on Discussions Toward Realizing The Novel Consortium Initiative

Current Participating Companies in "The Novel Consortium Initiative," Items Under Discussion, and Indicators Related to Productivity Improvement

Capital investments using government support

Improvement of the quality level

Education system (training of GMP-competent human resources)

Production site
that will contribute to stable supply

Creation of a stable supply system

MAH meiji

MAH DAITO

MAH Company A

MAH Tatsumi Kagaku Co.,Ltd.

MAH Company C

MAH Nippon Chemiphar

MAH Company E

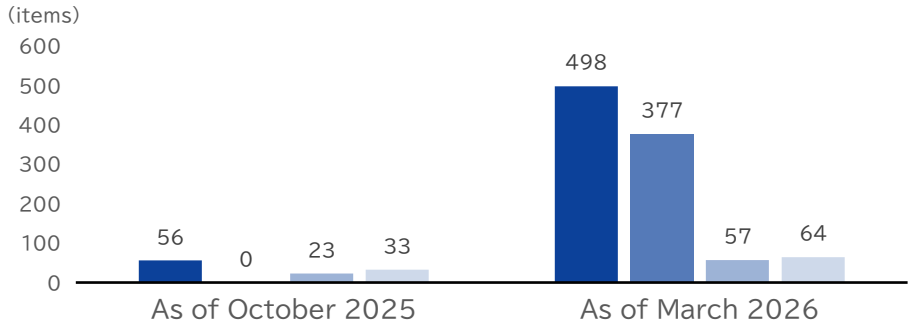
MAH Company F

MAH Company G NEW

Multiple companies are considering participating in the consortium.

Comparison of the number of items under discussion

■ Number of items discussed ■ Discussions ongoing
■ Discontinuation and substitution
(Discontinuing one product and supplying a substitute with another product)
■ Consolidating items previously manufactured separately into one production site



Productivity improvement through product integration (Unit: tablets/person/minute)

Products	Indicator before integration	Indicator after integration	Productivity improvement rate
A	1,920	2,790	+45.3%
B	854	1,157	+35.5%
C	1,263	1,574	+24.6%

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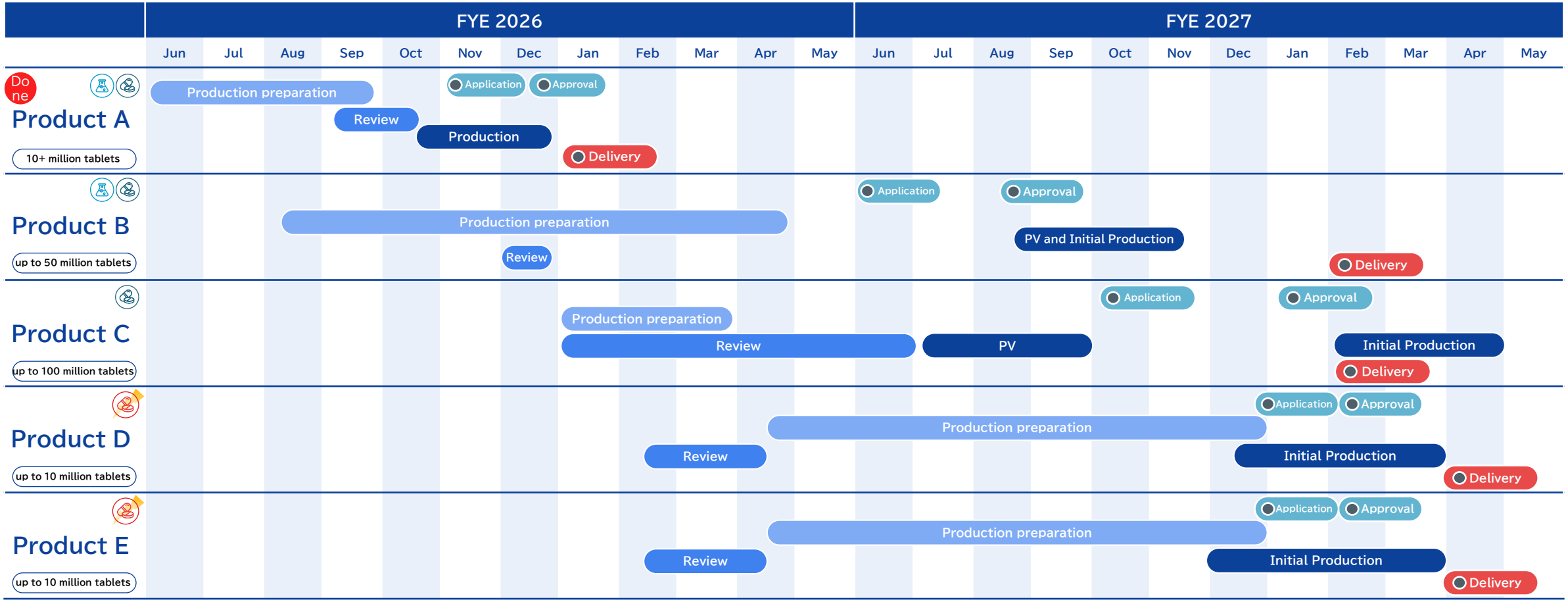
Detail (2) :Progress of Activities Toward Breaking Away from "High-Mix Low-Volume Production"

- Following discussions within the Novel Consortium Initiative and other bilateral negotiations, the items Daito will newly contract to manufacture at this time are **5 products and 9 specifications** (see schedule below)
- In addition to the above, consolidation of **6 products and 14 specifications to Daito** is under discussion
- At the same time, production has been discontinued for **8 products and 10 specifications** that are unprofitable due to small-lot production (from June 2025 onwards)

▼ **Planned annual production volumes and detailed transfer schedule for the 5 components Daito to contract manufacture**

APIs / FDF products / High-potent FDF products



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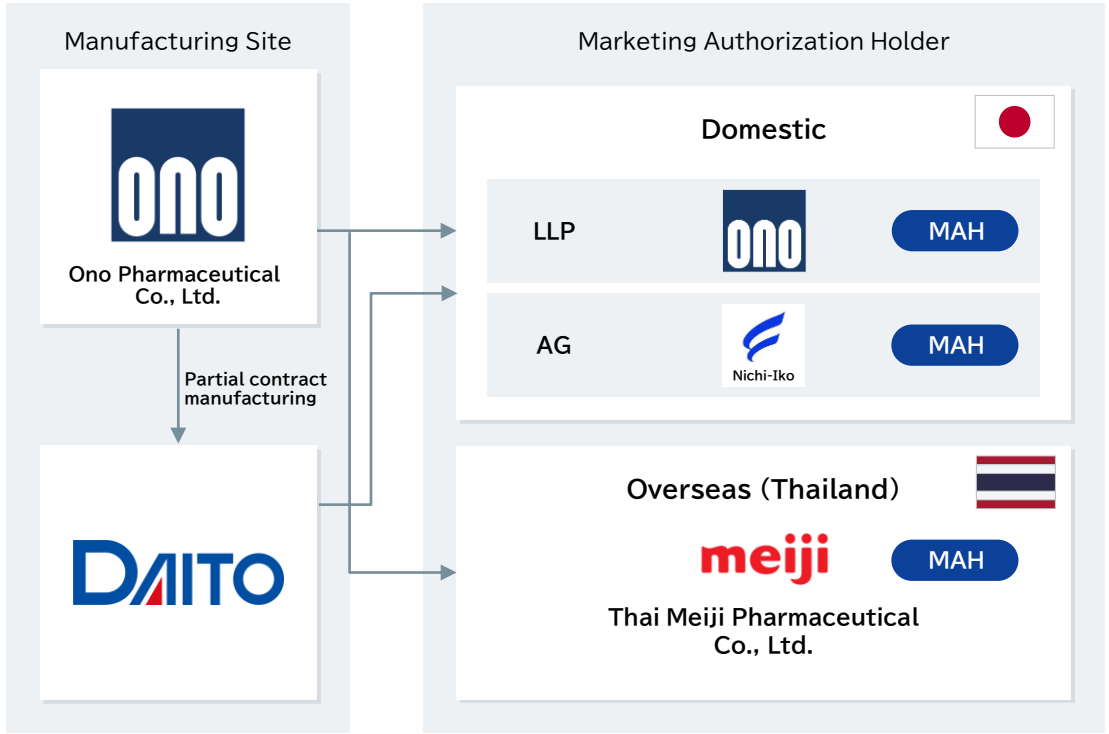
Detail (3) :Progress of Activities Toward Breaking Away from "High-Mix Low-Volume Production"

- Succeeded the business related to Opalmon®tablets and Prostandin®ointment from Ono Pharmaceutical Co., Ltd.
- Succession of marketing authorization is expected to be completed by November 2026, with technology transfer for manufacturing proceeding sequentially, and consolidation of manufacturing sites targeted for March 2028

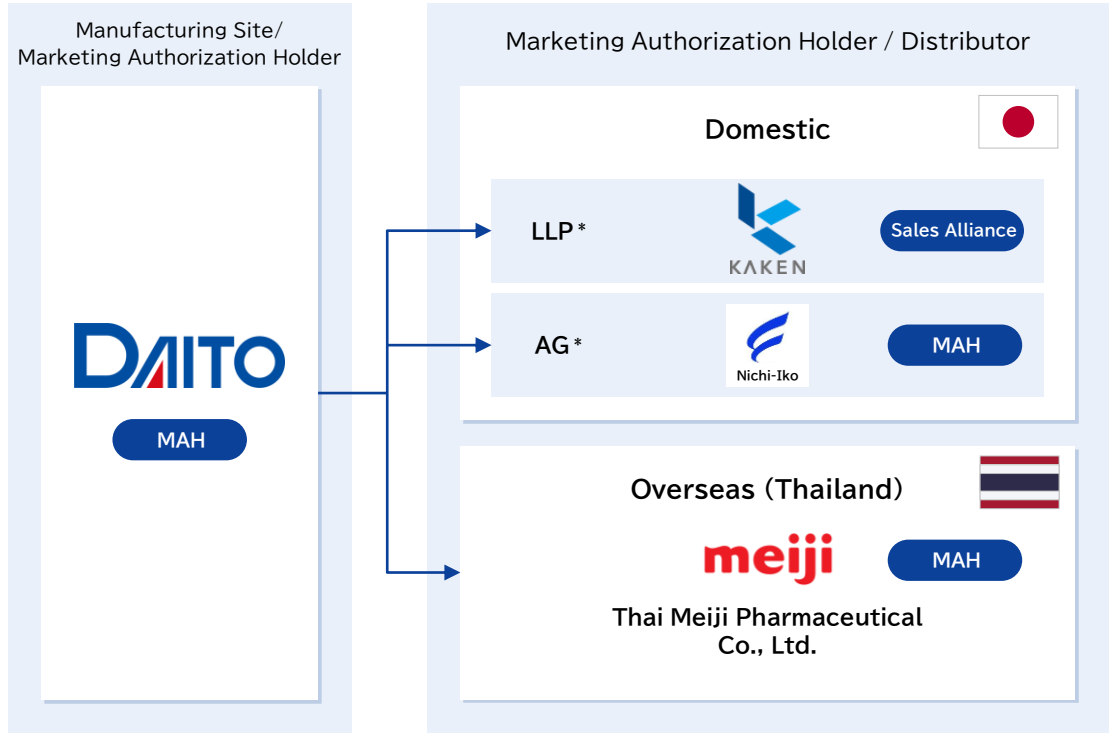
Before Opalmon Business Succession

- Daito manufactures the products under contract from Ono Pharmaceutical Co., Ltd. for certain production processes
- Ono Pharmaceutical Co., Ltd. holds the marketing authorization, and Daito supplies the contracted products



After Opalmon Business Succession

- **Succeeded marketing authorization for long-listed drugs (LLP)**
- **Consolidating manufacturing sites to our Head Factory to achieve mass production and strengthen stable supply**
- **Entering into overseas exports to expand the market**



* LLP stands for Long-Listed Products, and AG stands for Authorized Generic.

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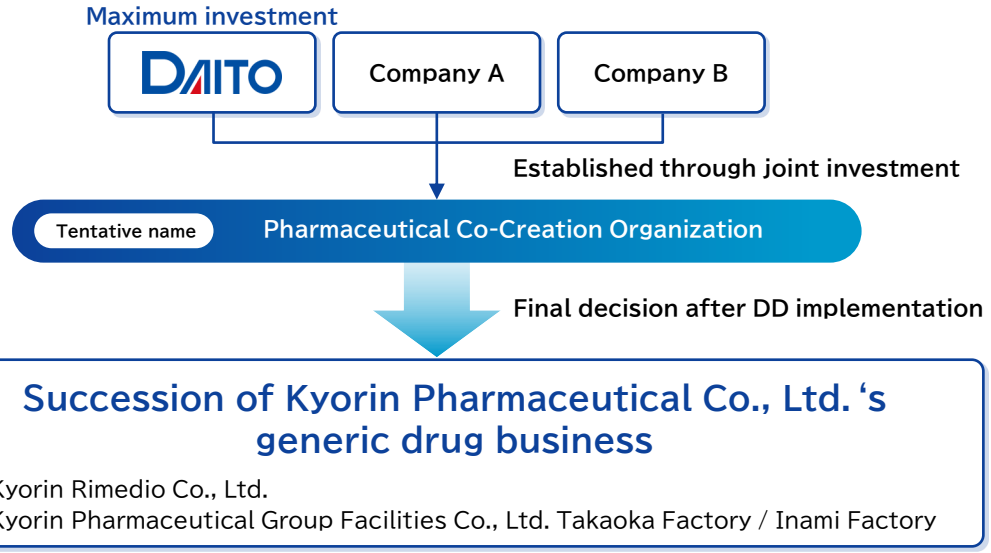
Detail (4) :Alliance for Strengthening the Stable Supply System for Generic Drugs

Conclusion of a Basic Agreement on the Succession of Kyorin Pharmaceutical's Generic Drug Business

Overview of Business Succession

- In April 2026, concluded a basic agreement to proceed with concrete discussions regarding the succession of Kyorin Pharmaceutical's consolidated subsidiary by the Pharmaceutical Co-Creation Organization (tentative name), which is scheduled to be newly established.

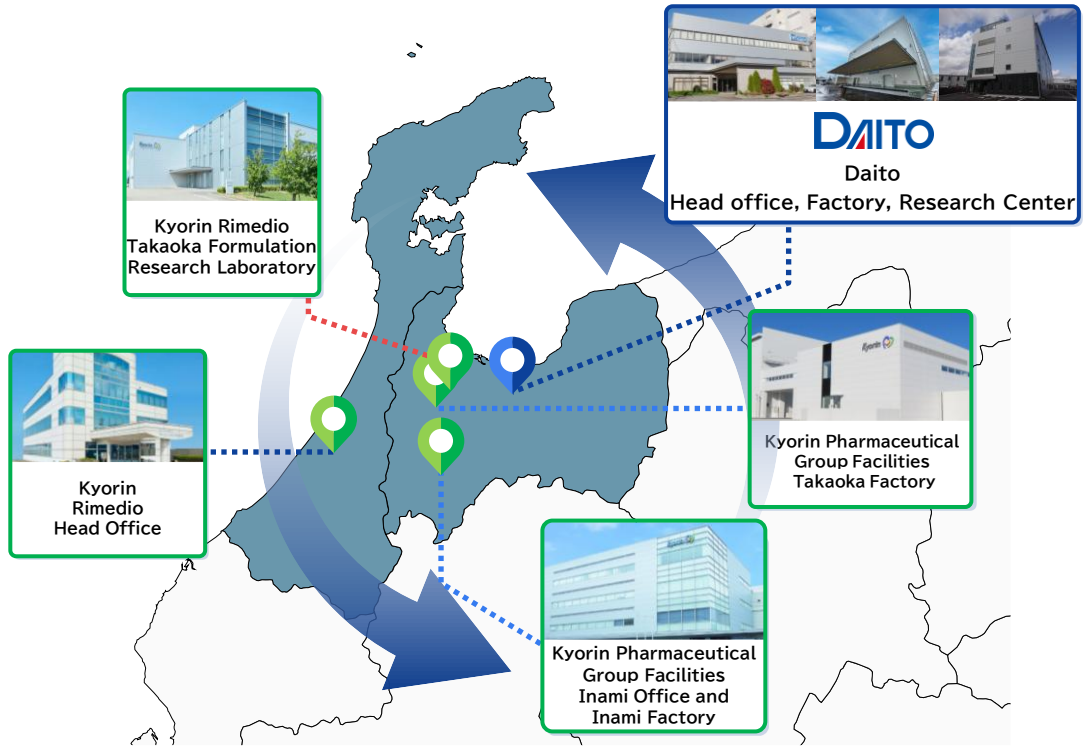


Schedule

Date of conclusion of final agreement: End of September 2026 (planned)

Date of succession execution: April 1, 2027 (planned)

Synergy through Collaboration Among Bases



- Through the business succession, Daito plans to acquire 4 business bases of the Kyorin Pharmaceutical Group in Ishikawa and Toyama Prefectures (Head Office, research laboratory, and 2 factories).
- By strengthening collaboration with each base, Daito aims to strengthen its business foundation as an R&D-oriented CMO while simultaneously aiming to advance our stable supply system.

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Detail (5) :Progress in the Development and Approval of Generic Drugs in China

- Although there were some delays for items scheduled for approval in FY2026, the procedures were completed as planned.
- To gain reputation in the country and secure the volume that serves as a base for improving factory operation rates, Daito participated in the 11th centralized procurement and are currently developing the public hospital market.

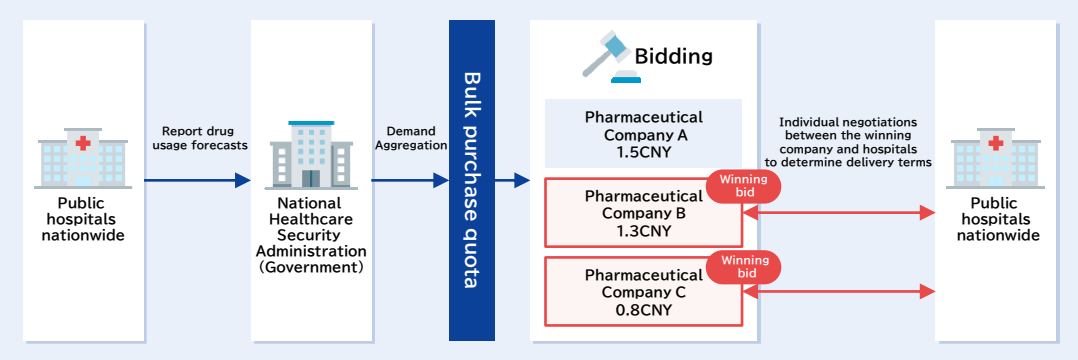
SCHEDULE	FY2026		FY2027		FY2028	
	H1	H2	H1	H2	H1	H2
Daito product 1 Pregabalin capsules	Done: Approval and launch					
Daito product 2 Celecoxib capsules	Done: Approval and launch					
(Formerly Contract product 3) Daito product 3 Iguratimod tablets		Done: Approval and launch				
(Formerly Contract product 1) Daito product 4 Metformin hydrochloride・Vildagliptin combination tablets		Done: Approval and launch				
Contract product 2	Application timing under consideration					
(Formerly Contract product 4) Daito product 5 Fluvoxamine maleate tablets		Done: Approval and launch				
(Formerly Contract product 5) Daito product 6 Eperisone hydrochloride tablets		Done: Approval and launch				
Contract product 6	Done: Application		Approval and launch			
Contract product 7	Done: Application			Approval and launch		
Contract product 8	Done: Application		Approval and launch			
Contract product 9	Done: Application		Approval and launch			
Contract product 10	Done: Application			Approval and launch		
Contract product 11	Done: Application				Approval and launch	
Other contract products	Application timing under consideration					

Three Major Pharmaceutical Markets in China

1. Public hospitals
2. Private hospitals
3. Major dispensing pharmacies

Centralized Pharmaceutical Procurement System in China

- A system where the government and local authorities lead price negotiations and bidding processes with pharmaceutical companies to curb rising medical costs.
- Target market: Public hospitals



- Through this system, Daito has acquired sales rights for 3 products.

In-house products	Number of regions	Estimated sales volume
Pregabalin capsules	Anhui, Henan, Shandong provinces	Approx. 4 million capsules
Celecoxib capsules	14 regions including Anhui and Jiangxi provinces	Approx. 40 million capsules
Metformin hydrochloride/ Vildagliptin combination tablets	Primary distributor contract in progress	Primary distributor contract in progress

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Detail (6) Current Status of CDMO Business

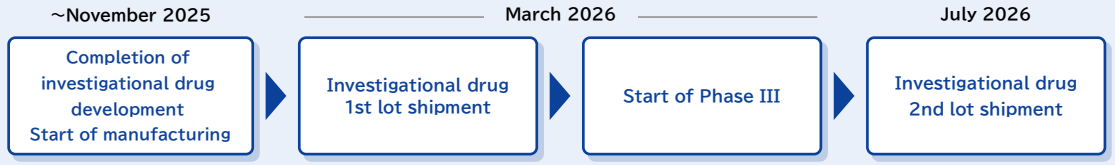
- Promoting the establishment of a business foundation in the rare disease field and the global expansion of value-added FDF products through the advancement of the CDMO business via strategic partnerships

Collaboration with Nobelpharma

Progress of the first project

Regarding the development of "NPC-29," a ubiquinol-containing FDF product for which Nobelpharma is advancing development for the indication of multiple system atrophy (MSA), Daito has completed the formulation development of the investigational drug and began manufacturing the first lot last November. Daito plans to ship the investigational drug this March and start Phase III trials. Aiming for the earliest possible commercialization and provision to patients, Daito is steadily advancing the development and manufacturing processes.

Transitioning to the investigational drug manufacturing phase for early commercialization



Our role Formulation study, manufacturing method study, and manufacturing process study for clinical trial drugs and commercial products, as well as consideration, modification, and new investment in manufacturing equipment, etc.

Campaign	Bulk manufacturing date	Investigational drug shipment date
1st	**Completed** (November 2025)	**Completed** (February 2026)
2nd	**Completed** (November 2025)	**Completed** (July 2026)
3rd	**Completed** (March 2026)	October 2026
4th	September 2026	February 2027

- Planning for a total of 4 lots to be shipped according to the progress of Phase III trials
- As part of this plan, Daito has already completed the supply of 2 lots to date

Collaboration with Toyochem Co., Ltd.

Based on the "Agreement for Building a Partnership" concluded between Daito and Toyochem Co., Ltd. of the Artience Group, both companies are promoting collaboration aimed at the development, manufacturing, and sales of high-value-added FDF products, centered on transdermal absorption preparations (TDDS preparations).
Daito is continuing to examine commercialization with a view toward the global market by leveraging each other's strengths: Toyochem's formulation development and production technology for transdermal absorption preparations, and Daito's knowledge of clinical trials, pharmaceutical regulations, and Quality Assurance both in Japan and overseas, as well as our high-quality and stable API manufacturing system.

Collaboration with Dai Nippon Printing (DNP)

Based on the "Agreement for Building a Partnership" concluded between Daito and DNP, Daito is promoting collaboration covering everything from the development of high-value-added FDF products to their manufacturing and sales. Daito is advancing business development by leveraging both companies' strengths, integrating DNP Group's formulation development capabilities utilizing packaging technology with Daito's know-how in obtaining manufacturing and marketing approvals, Quality Assurance systems, and a business foundation that handles everything from APIs to FDF products. Currently, Daito is continuing to build a collaborative structure and examine commercialization for the development, manufacturing, and sales of high-value-added FDF products with a view toward the global market, including Japan and the U.S., aiming to create medium- to long-term growth opportunities and enhance corporate value.

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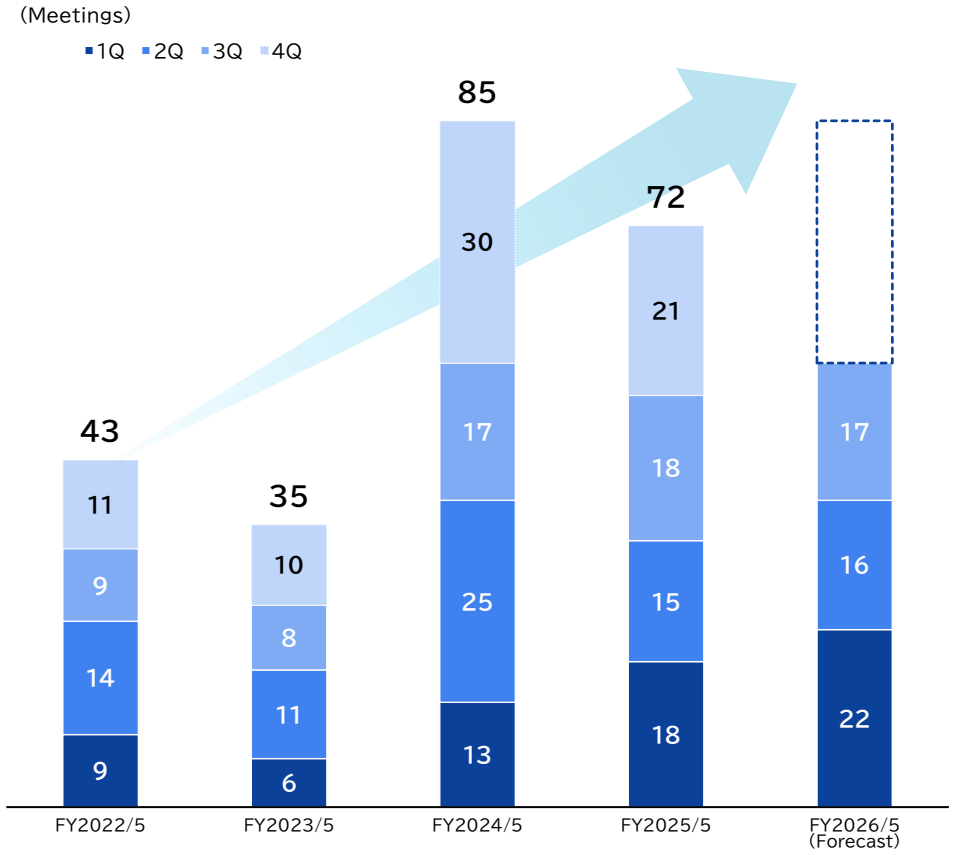
Details (7) :Progress on Addressing PBR Below 1 and Advancement of Capital Allocation

- To resolve the PBR below 1x at an early stage, Daito is strengthening IR/SR activities and working on shareholder returns and balance sheet optimization to improve capital productivity.

Number of IR Meetings

- The number of IR meetings has increased significantly compared to the past due to the announcement of the Medium-term Management Plan DTP2027 and the enhancement of IR, PR, and SR activities.



Improvement of Capital Efficiency and Strengthening of Shareholder Returns

Reduction of Policy-held Shares

- Strengthened discussions on the "justification for holding" at Board of Directors meetings
- Agreed on the reduction of 2 additional stocks

Number of stocks* **28 stocks** (Beginning of period) ▶ **18 stocks** (Planned)

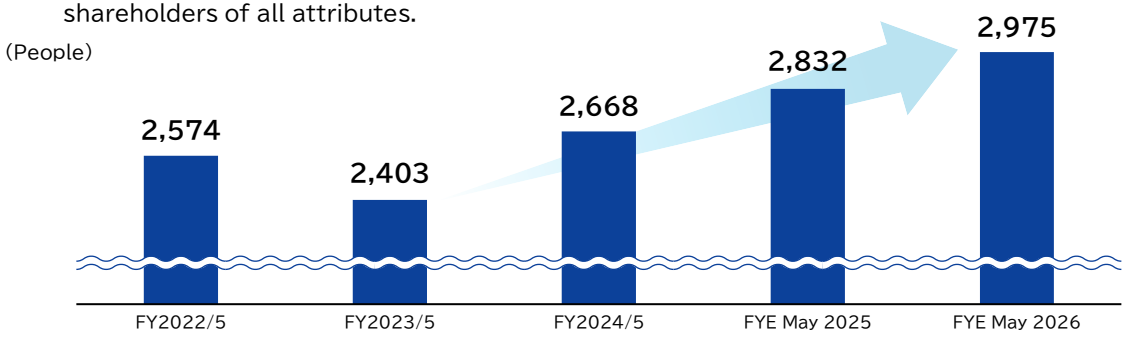
* Only listed policy-held shares are counted

Strengthening of Shareholder Returns

- Retired 1.242 million shares of treasury stock, equivalent to **4.1%** of the total number of issued shares (excluding treasury stock), **with a total value of 1.62 billion yen,** on May 29, 2026.
- As of July 13, 2026, Daito had completed the repurchase of **484,000 shares of treasury stock**, equivalent to **1.7%** of its outstanding shares.

Measures for Individual Shareholders

- Introduced measures (shareholder benefits) focused on individual shareholders from FY2026, and the number of individual shareholders is steadily increasing.
- Daito will continue to actively consider and introduce measures that take into account shareholders of all attributes.



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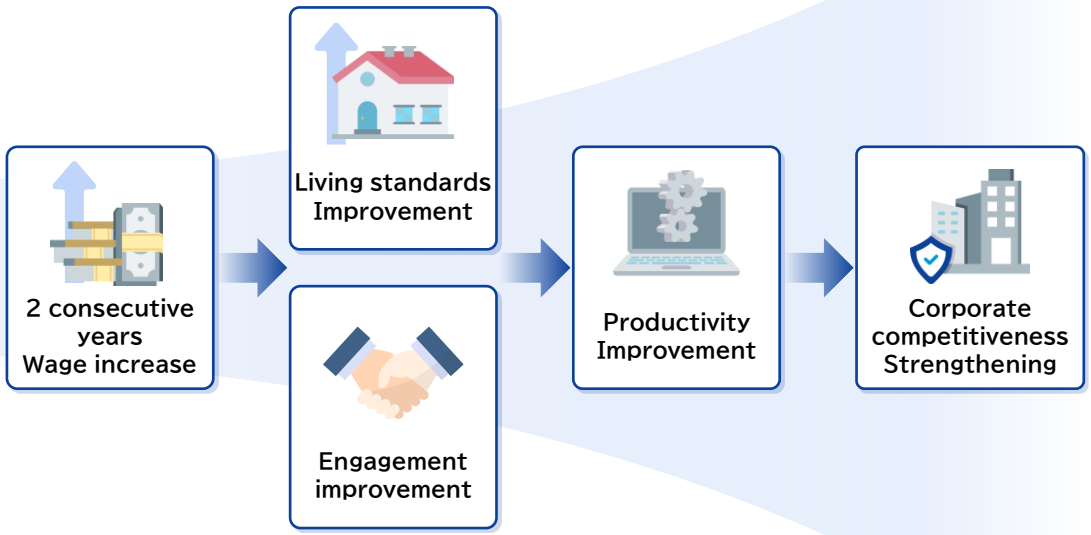
Detail (8) Investment in Human Capital

Top-level wage increase in the region (2 consecutive years)

- Implemented wage increases exceeding the average for companies in Toyama Prefecture for two consecutive years
(FY2026: **6.0%**, FY2025: **7.0%**)
- Contributing to improved productivity and strengthened corporate competitiveness through the improvement of employees' living standards and enhanced engagement
- As a company rooted in the region, by providing treatment improvements that exceed regional standards, Daito secures a competitive advantage in the recruitment market and build a long-term, stable human resource base



Development of a rewarding work environment

Introduction of selective DC (defined contribution) pension plan

- Decided to introduce a selective defined contribution (DC) pension plan to advance human capital management (scheduled to start in December 2026)
- A flexible system that allows employees to choose whether or not to contribute a portion of their salary, enabling optimal compensation design according to each individual's life stage and values
- Realizing improved economic well-being and enhanced engagement for employees, contributing to the retention of existing staff and improved productivity, while also expecting high appeal to mid-career and specialized talent
- Expected to have high appeal to mid-career and specialized talent with a high awareness of asset formation, helping to acquire diverse and high-quality external talent

Expansion of welfare benefits

- Expanded family allowance (child allowance/dependent allowance) as part of the integration of personnel systems following the merger of subsidiaries
- Aiming not just to unify systems, but to support the stability of the living foundation of employees and their families
- By reducing the economic burden associated with childcare and dependency, Daito aims to create an environment where employees can work with peace of mind over the long term, contributing to improved engagement and retention rates

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Appendix. Company Overview

Corporate Profile

Company name	:	Daito Pharmaceutical Co., Ltd.
Location of head office	:	326 Yokamachi, Toyama City, Toyama
Founded	:	June 1942
Fiscal year-end	:	End of May
Representative	:	Hiroshi Matsumori, President and CEO
Number of employees	:	1,085 (not including an average of 35 temporary employees) *Consolidated, as of May 31, 2026
Businesses	:	Manufacturing, sales, contract manufacturing, and purchasing and reselling of APIs and FDF products; sales of health foods and other products
Subsidiaries	:	Daito Pharmaceuticals America, Inc. (Support for the export of APIs and FDF products) Daito Pharmaceutical (China) Co., Ltd. (Pharmaceutical production in China)

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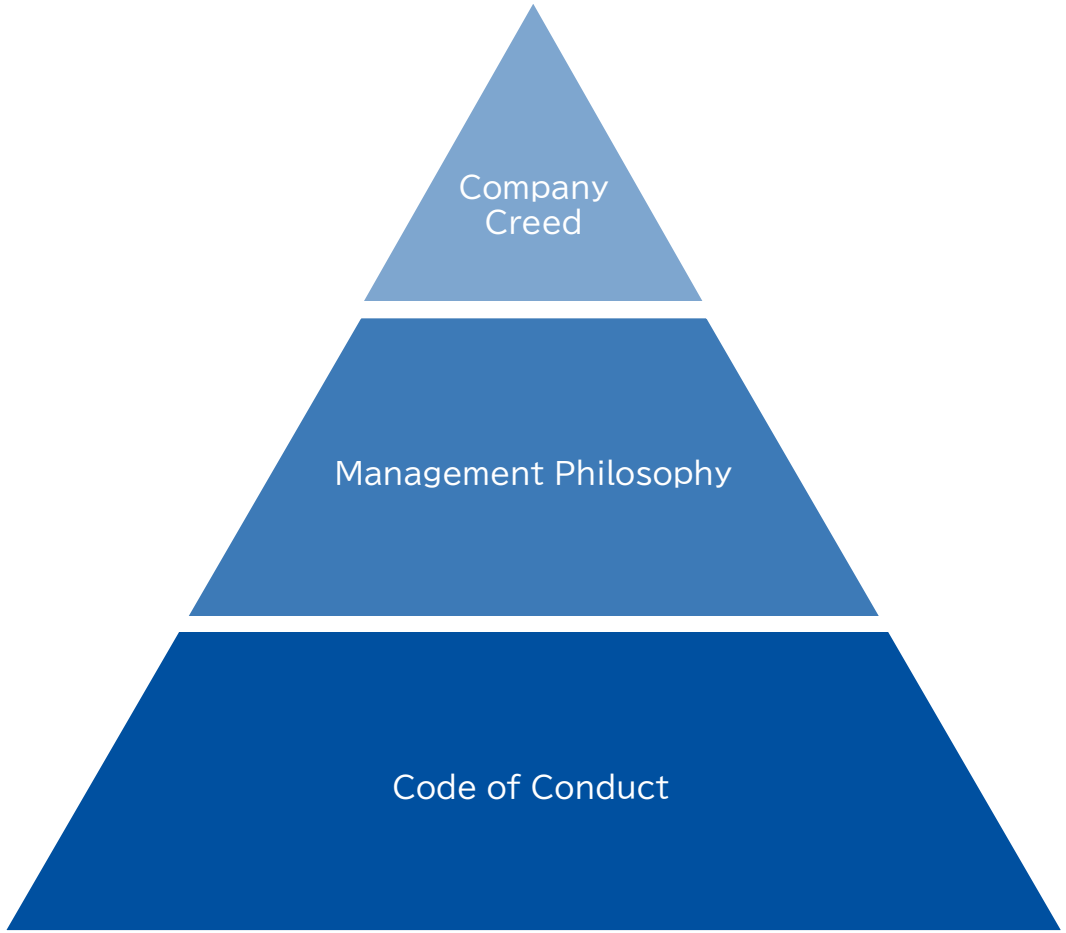
Company Creed, Management Philosophy, and Code of Conduct



Company Creed

Creation, Morale, and Sincerity

- Be a person who has ideas and thinks deeply.
- Be a person with the ability to take action and spirit.
- Be a guardian of the Company.

Management Philosophy

Daito will create a favorable workplace environment where every employee can find “joy in working at a cheerful company” with the aim of being a company that can contribute to creating a healthier society and be always the first choice of customers.

- **What is a “cheerful company”?**
  A company where employees’ personal growth is linked to the Company’s growth and every employee can enjoy working cheerfully
- **What is “work in which employees can find joy”?**
  Work that can bring every employee the joy of serving patients who hope to get cured and customers who wish to be healthier by providing products to society

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Company Creed, Management Philosophy, and Code of Conduct

Code of Conduct

Based on our management philosophy, Daito aims to be a company that can be always the first choice of customers.

● Sincere attitude	We will comply with laws and regulations and act fairly and impartially.
● Public trust	We will strive to enhance the quality of our products and provide them to customers stably.
● Contribution to society	We will support people through our daily business activities.
● Harmony with the environment	We will be green and earth-friendly.
● High aspirations	We will take up the challenge of pioneering new frontiers and new technologies.
● Giant leap into the world	We will provide excellent products globally.

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Corporate History

1942	June	Daitoa Pharmaceutical Trade Control Company Ltd. established as the company in charge of controlling export of Toyama-made home medicines to Southeast Asia * Renamed Daito Pharmaceutical Co., Ltd. (current name) in 1991
1949	March	Started manufacturing drugs for home delivery services
1950	June	Established an API Wholesale Division and started selling APIs
1976	October	**Started manufacturing generic drugs**
1979	November	**Started manufacturing APIs**
1985	April	Started manufacturing OTC drugs
1987	July	Made Daiwa Pharmaceutical Co., Ltd. a subsidiary * Made it a wholly owned subsidiary through a stock swap in October 2007
1989	October	Started manufacturing intermediates for new drugs on a contract basis
2001	September	**Fully began contract manufacture of prescription drugs**
2007	November	Opened a representative office in the US state of Illinois * Closed in June 2008
2008	June	Established Daito Pharmaceuticals America, Inc.
2010	March	Listed on the Second Section of the Tokyo Stock Exchange
2011	March	Moved to the First Section of the Tokyo Stock Exchange
2012	September	Acquired Anhui Nanobiotechnology Development Co., Ltd. as a subsidiary (current name: Daito Pharmaceutical (China) Co., Ltd.)
2022	April	Moved to the Prime Market of the Tokyo Stock Exchange
2025	June	Absorbed Daiwa Pharmaceutical Co., Ltd. (current name: Daito Pharmaceutical Co., Ltd. Shimo-okui Factory)

Facilities

- 1949 Built new office and plant
- 1971 Established a new research laboratory in Toyama City
  * Relocated the laboratory to a new facility adjacent to the Headquarters Factory in 1985
- 1979 First Formulation Building opened
- 1979 API Experimentation Building opened
- 1982 First API Building opened
- 1985 Second Formulation Building opened
- 1986 API Packaging Building opened
- 1989 First Logistics Center opened
- 1989 Second API Building opened
- 1993 Third Formulation Building opened
- 1995 Second Logistics Center opened
- 1999 Third API Building opened
- 2001 Fifth Formulation Building opened
- 2001 Third Logistics Center opened
- 2003 Second Packaging Building opened
- 2007 Third Packaging Building opened
- 2007 Fifth API Building opened
- 2008 Sixth Formulation Building opened
- 2007 Fifth Logistics Center opened
- 2011 Employee Welfare Building opened
- 2012 Fifth API Building facilities expanded
- 2014 FDF building opened at Daito Pharmaceutical (China) Co., Ltd.
- 2014 API Factory opened at Daiwa Pharmaceutical Co., Ltd.
- 2014 High Potent Compound Product Building opened
- 2015 Sixth API Building opened
- 2015 Third API Packaging Building opened
- 2016 API Industrialization Process Research Building opened
- 2017 High Potent R&D Center opened
- 2018 Eighth Formulation Building opened
- 2021 Quality Assurance Building opened
- 2022 Seventh API Building opened
- 2023 Tenth FDF Building opened
- 2024 General Research Center opened

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Group Company Relationship Chart

Legend APIs FDF products

Daito group company relationship chart

21% stake
Anhui Tingworld Pharmaceutical
APIs
APIs / intermediates
21% stake
Cheer Fine Pharmaceutical
APIs / intermediates

70% owned subsidiary
Daito Pharmaceutical (China) Co., Ltd.
Sales
Integrated production from APIs to FDF products
Sales
FDF products

Local Gx distributors

Integrated production from APIs to FDF products
DAITO
Sales

Sales
20% stake
Feldsenf Pharma
Sales to a wide variety of customers
Drugs home delivery servicer
OTC manufacturers
Generic drugs companies
Branded drugs companies
Foreign pharmaceutical companies

APIs
FDF products
Wholly owned subsidiary
Daito Pharmaceuticals America, Inc.
Market research
Sales
Local distributors

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